

TESTIMONY OF TOM SINGLETON, PRESIDENT, ASSOCIATION OF RETIRED
TEACHERS OF CT (ARTC) TO THE APPROPRIATIONS COMMITTEE

March 7, 2014

Good morning Senator Bye, Representative Walker and members of the Appropriations Committee;

My name is Tom Singleton and I'm here today in support of S.B. 342-An Act Concerning the Retired Teachers Health Insurance Premium Account. As President of the Association of Retired Teachers of Connecticut I'm speaking on behalf of 16,000 annual and affiliate members of ARTC. First, I want to thank you for raising this bill, which proposes to amend CGS Section 21 10- 183t(a) (found in section 102 of PA 12-1, June special session, 2012). S.B.342 will be a positive step toward reversing a pattern of underfunding our HIPA account over the past several years.

It is important to note that retired teachers do not have the protection of union negotiated, contractual retiree benefits as do all state employees. Active and retired teachers contribute more than 2/3 the cost of their health care benefits and rely on legislative actions for the balance.

The HIPA fund had been fiscally sound from 2004 to 2010 and we understood that sacrifices needed to be made during those difficult economic times of the recent past. We have shared the pain and burden through on-going underfunding of HIPA. But as the economy has improved the pattern of underfunding has continued and in fact made permanent through legislation passed in June 2012 (Implementer Session). It is reasonable to expect that the fiscal/budgetary decisions you are making regarding our health fund have the benefit of annual review with all of the facts before your committee.

The current language allows for automatic diversion of federal reimbursement funds (RDS) from the HIPA to being used as part of the State's contribution to the fund. This happens without any input from your committee or the legislature. As a result, while

legislators worked hard to restore to 1/4 funding last year- the actual state contribution was 1/8 instead of 1/4. If an additional \$2 million is transferred out of HIPA as recently recommended, the actual state contribution for this year drops to 10% instead of 25% or 33%.

This continuing pattern of funding is fiscally unsound and makes retired and active teachers-all 86,000 of us- feel like the HIPA has become a convenient piggy bank to shore up budget shortfalls. We know many of you have worked tirelessly on our behalf. The process of funding HIPA needs to be more transparent for all and the proposed legislation will greatly enhance that process.

The ARTC appreciates the hard work you do for us and the difficult decisions you have to make. We urge your support for S.B. 342. Thank you for the opportunity to address the Committee and for all you are doing for Connecticut's retired teachers.

Thomas W. Singleton, President
Association of Retired Teachers of Connecticut



RETIRED TEACHERS HEALTH INSURANCE FACTS

Thirty-three thousand retired teachers of Connecticut do not have the health benefits that Retired Connecticut State Employees receive. Retired teachers are not members of the State Employees Bargaining Agent Coalition (SEBAC). Retired teachers pay the bulk of their own insurance.

The original intent of the TRB Health Insurance Premium Account (HIPA) was to defray the health insurance premiums for retired teachers. The State promised to contribute an estimated 1/3 of this cost. The remainder is paid by educators, active and retired.

- 53,000 active teachers contribute 1.25% of their salary into HIPA.
- 33,000 retired teachers contribute their premium share.

RECENT LEGISLATIVE CHANGES AND PROPOSALS:

- Section 21 of the biennial budget for FY 2014 and FY 2015 reduces the state's one-third share of the Teachers Retirement Board retiree health services costs to one-fourth and municipal health subsidy to one-fourth. **This is a reduction of 21.6 million dollars.**
- A 2012 statute change (found in section 102 of PA 12-1, June special session) the public act (10- 183t(a) states "... subsidy provisions of Medicare Part D shall be used to offset amounts appropriated by the state to the board pursuant to this subsection."
- According to the TRB's fiscal summary, this statute change results in a projected loss for FY 2014 and FY 2015 of \$8,745,781 and \$9,232,886 respectively. **This is an additional reduction of approximately 18 million dollars.**
- **The reduction of the State's contributions and the RDS offset total a loss of approximately 40 million dollars to the Health Insurance Premium Account over the next two years. The State's actual contribution is approximately 1/10 of the cost of a retired teachers health insurance.**
- The Governor's Bill No. 5034 proposes to make a deficiency appropriation of **2 million dollars from Teacher Retirees Health Service Cost** for FY ending June 30, 2014.

WITH THE INCREASE OF RETIREES, THE RISING HEALTH CARE COSTS, AND THE STATE'S NOT CONTRIBUTING ITS PROMISED SHARE, THE FUND IS DWINDLING AND IS PROJECTED TO BE IN JEOPARDY.

